

**136.575 Local government franchise taxes -- Filing of report of deposits -- Tax rate.**

- (1) As used in this section:
  - (a) "Deposits" means all demand and time deposits, excluding deposits of the United States government, state and political subdivisions, other financial institutions, public libraries, educational institutions, religious institutions, charitable institutions, and certified and officers' checks; and
  - (b) "Financial institution" means:
    1. A national bank organized as a body corporate and existing or in the process of organizing as a national bank association pursuant to the provisions of the National Bank Act, 12 U.S.C. secs. 21 et seq., in effect on December 31, 1997, exclusive of any amendments made subsequent to that date;
    2. Any bank or trust company incorporated or organized under the laws of any state, except a banker's bank organized under KRS 286.3-135;
    3. Any corporation organized under the provisions of 12 U.S.C. secs. 611 to 631, in effect on December 31, 1997, exclusive of any amendments made subsequent to that date, or any corporation organized after December 31, 1997, that meets the requirements of 12 U.S.C. secs. 611 to 631, in effect on December 31, 1997; or
    4. Any agency or branch of a foreign depository as defined in 12 U.S.C. sec. 3101, in effect on December 31, 1997, exclusive of any amendments made subsequent to that date, or any agency or branch of a foreign depository established after December 31, 1997, that meets the requirements of 12 U.S.C. sec. 3101 in effect on December 31, 1997.
- (2) Counties, cities, and urban-county governments may impose a franchise tax on financial institutions measured by the deposits in the institutions located within the jurisdiction of the county, city, or urban-county government at a rate not to exceed twenty-five thousandths of one percent (0.025%) of the deposits if imposed by counties and cities and at a rate not to exceed fifty thousandths of one percent (0.050%) of the deposits if imposed by urban-county governments. The amount and location of deposits in the financial institutions shall be determined by the method used for filing the summary of deposits report with the Federal Deposit Insurance Corporation. The accounting method used to allocate deposits for completion of the summary of deposits shall be the same as has been utilized in prior periods. Any deviation from prior accounting methods may only be adopted with the permission of the department.
- (3) By August 15, 1997, and annually thereafter, each financial institution shall file with the department, on a form prescribed by the department, a report of all deposits located within this Commonwealth as of the preceding June 30, along with a copy of the most recent summary of deposits filed with the Federal Deposit Insurance Corporation. The department shall review the report and certify to the local jurisdictions that have enacted the franchise tax by October 1 of each year the amount of deposits within the jurisdiction and amount of the tax due. The local

taxing authority shall issue bills to the financial institution by December 1 and require payment, with a two percent (2%) discount by December 31, or without discount by January 31 of the next year.

- (4) The local jurisdiction shall notify the department of the tax rate imposed upon the enactment of the tax. The local jurisdiction shall also notify the department of any subsequent rate changes.
- (5) The tax allowed by this section shall be in lieu of all city, county, and local taxes, except the real estate transfer tax levied in KRS Chapter 142, real property and tangible personal property taxes levied in KRS Chapter 132, and taxes upon users of utility services.

**Effective:** June 27, 2019

**History:** Amended 2019 Ky. Acts ch. 196, sec. 11, effective June 27, 2019. -- Amended 2005 Ky. Acts ch. 85, sec. 337, effective June 20, 2005. -- Created 1996 Ky. Acts ch. 254, sec. 17, effective July 15, 1996.